

MAY 23 2000



Department of Energy
Savannah River Operations Office
P.O. Box A
Aiken, South Carolina 29802

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Dr. Lawrence Brede, Jr., Senior Vice President
and General Manager
Wackenhut Services, Incorporated
Aiken, SC 29802

Dear Dr. Brede:

SUBJECT: Award Fee Determination for October 1, 1999 through March 31, 2000,
Award Fee Period 00-1 of Contract DE-AC09-99SR18950

I have completed my evaluation of the Wackenhut Services Incorporated-Savannah River Site (WSI-SRS) contract performance and determined your award fee based on the three principal areas of the Award Fee Plan.

As the Fee Determination Official for the Savannah River Operations Office, I am writing to inform you that WSI-SRS earned 97% of the available \$1,500,000. Overall, and as measured using established rating criteria, WSI-SRS demonstrated an excellent level of performance and corporate leadership this period in fulfillment of expectations as described below.

WSI-SRS sustained high performance in protective force operations as documented in the Department of Energy (DOE) Operational Readiness Review (ORR) for the K Area Material Storage (KAMS) Facility. The DOE-ORR did not identify any significant protective force issues that would negatively impact the safe operation of the KAMS facility. Continued successful coordination with Westinghouse Savannah River Company (WSRC) resulted in the upgrade of protective force facilities at 100-K and the completion of an extensive risk analysis relating to the utilization of protective force weapons in the KAMS facility. The collaboration between WSI-SRS and WSRC on this issue demonstrates commitment to sustaining an effective Integrated Safety Management System to ensure protective program elements are safely integrated with facility operations.

WSI-SRS operations management and protective force personnel continue to be an organizational strength as demonstrated by timely and appropriate responses to a variety of actual events, including an unscheduled Nuclear Incident Monitor (NIM) alarm in the FB Line facility and a suspicious package in the Savannah River Technology Center (SRTC). Strong performance in protective force operations was also demonstrated during the DOE-HQ Verification and Validation of the KAMS Safeguards and Security Plan. WSI-SRS protective force personnel successfully executed the Security Incident Response Plan for Phase I of the KAMS project. Operations Management personnel developed and implemented a Y2K staffing plan that was implemented for additional site security through the holiday period. This plan included additional protective force staffing of posts, conducting additional patrols at various locations around the site, coordinating a restricted access plan for SRTC, and manning the Emergency Operations Center. All protective force contingency measures were successfully executed.

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Your organization supported many high profile reviews during this period. Most notably were the three walkdowns by General Eugene E. Habiger, DOE-HQ Director, Office of Security and Emergency Operations. These included the KAMS facility as a part of the DOE-HQ verification and validation of protective force readiness, the Central Alarm Station (CAS) operations and security equipment, the Tritium facility, and a no-notice exercise in March. Following these visits General Habiger was complimentary of the status and performance of the protective force operations in the facilities.

WSI-SRS Law Enforcement Department and Aiken Department of Public Safety co-hosted the 10th Annual United States Police Canine Association (USPCA) Tracking Trials. Five WSI-SRS Canine Teams entered and achieved certification. In addition to the five WSI-SRS teams that certified, five teams from surrounding agencies that have trained extensively with WSI-SRS also received USPCA certification. Canine Teams SPO Rhea and "Maiko" and SPO Dumouchel and "Tiger" participated in the USPCA Patrol Dog Trials in Shelby, N.C. The two teams accumulated one first place, four-second place, and one fourth place finish. They also received the first place team award. The Canine Team is an important element of the site security operations.

WSI-SRS demonstrated their ability to interface with WSRC in conducting the annual downed aircraft exercise at 200-F Area. Responding elements from WSRC included the Site Fire Protection Services and Emergency Medical Services. Also participating were WSI-SRS personnel from Special Operations, Performance Assurance and Safety, and Training Divisions. The exercise is conducted annually to test the site emergency response elements in a downed aviation scenario. The exercise was determined to be successful and demonstrated the site's ability to effectively respond to a downed aircraft accident while under a hostile environment. The teamwork demonstrated by WSI-SRS and WSRC is commendable. In addition, the Federal Aviation Administration conducted a maintenance and operations inspection of the WSI-SRS Aviation Operations Department. There were no findings in either inspection. This inspection provides DOE-SR an independent validation of the aviation operations at WSI-SRS.

The evaluation of the new Joint Conflict and Tactical Simulation (JCATS) software was completed during this period. WSI-SRS was tasked by DOE-HQ and DOE-SR to conduct this evaluation to ensure the software adequately replicates small unit tactics in an urban environment. WSI-SRS received this tasking due to the expertise of the JCATS staff and their extensive interaction with the Army Joint Warfare Fighting Center. Other users in the community were invited to participate in this effort. A formal report was developed and transmitted to DOE-HQ outlining results of the analysis and associated recommendations regarding use of conflict simulation systems within the DOE complex. This evaluation was instrumental in the recent DOE-HQ decision to make JCATS the standardized simulation platform for DOE sites.

A cross-functional Transportation Improvement Team comprised of members from DOE, WSRC, and WSI-SRS was formed to evaluate the protection strategy for the movement of Special Nuclear Material (SNM) between operational areas. The evaluation focused on protective force staffing, convoy configuration route selection, deployment strategy and

delay features of the transport vehicle. Limited Scope Exercises were conducted to determine the most cost-effective delay features and protective force deployment options. JCATS runs were also conducted to evaluate proposed enhancements. The team's efforts culminated in a major force-on-force exercise conducted to validate the upgrades. Based upon the positive results of the exercise, appropriate revisions were incorporated into the Transportation Shipment Plan.

Your organization continues to demonstrate a strong commitment to effective planning and execution of administrative and support functions that result in high quality and cost-effective contract operations. WSI-SRS continued their contribution to site cost avoidances by conducting several Nonproliferation and National Security Institute training courses on site. These courses were attended by WSI-SRS, WSRC, and DOE employees, and resulted in cost avoidances of approximately \$200,000.

WSI-SRS is improving the lineup of 401(k) investment options for participants in the Company's defined contribution savings plan. Announcement letters and investment packets have been distributed to employees and their families, on-site information meetings with representatives from Mellon Bank and The Wackenhut Corporation have been conducted. WSI-SRS is also converting its Pension Plan from a Company directed investment program to a system that will allow participants to direct the contributions to their pension accounts to the same investment options that exist for the 401(k) Plan. This self-directed investment program will be effective in the second quarter of this year.

WSI-SRS has shared diversity best practices with several organizations during this period. An overview of the Company's diversity and Alternate Dispute Resolution labor/management initiatives was presented at the WSRC Diversity Board of Directors meeting held in October 1999 and at the Society for Human Resource Management Augusta Chapter's January 2000 meeting. The Aiken Technical College Diversity Advisory Board also invited WSI-SRS to serve as an external advisor to their Board. A best-practices briefing was provided at the Aiken Technical College Diversity Board meeting held in March.

The decision by WSI-SRS to combine the assets of the Compliance Division with those of the Environment, Safety and Health Division offered an efficiency of operations. The combined organization was retitled the Performance Assurance and Safety Division (PASD), and reduced the need for one additional senior manager. The combined division offers several advantages: it more closely aligns WSI-SRS terminology and organization with DOE-SR structure; it places all WSI-SRS oversight assets under one leader; it reduces the span of control for the General Manager; and, it fosters the integration of safety throughout the organization.

However, there were deficiencies noted that demonstrate the need for your organization to increase emphasis on performance excellence. Specifically, these deficiencies were noted in the FB Line facility plutonium intake incident related to a need for improvement in the area of compliance with procedures, inadequate post orders, lack of interface with the operating contractor, and inadequate command and control. While I recognize that corrective actions were

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completed by your organization in a timely manner, this incident highlights the importance of ensuring an effective Integrated Safety Management System approach to operations.

A specific concern exists with the transition plan to the new Glock firearm during this period. The initial transition plan was approved appropriately within WSI and DOE. This plan was later modified (and in fact improved). This later modification to the transition plan was not approved in accordance with WSI procedures. A facility representative walkdown of training activities alerted DOE to the change. WSI then properly approved the plan and corrected their process. This item was not identified as a weakness in your organization's self-assessment.

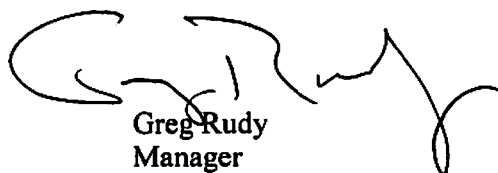
During the development of the KAMS Modified Security Plan, a portion of the plan dealing with facility alarms was routed for review by protective force supervisors in K Area. The document was not properly marked as a draft and was subsequently mistaken as implementing authority by a Central Alarm Station specialist reviewing the document. As a result, changes were prematurely made to the status of several alarms within the facility. This incident was subjected to a deficiency analysis to determine root causes of the process error. Corrective actions have been identified and implemented to prevent recurrence of this type of event.

In March, an uncleared WSRC employee processed through an entry control facility (ECF) and was allowed unescorted access to a limited area by two WSI-SRS Security Officers working the ECF. The uncleared employee entered the ECF, along with several cleared employees. The Security Officers assumed one of the cleared employees was providing escort to the uncleared employee; however, that was not the case.

There were 54 new employees needed to support new posts for the KAMS Project. WSI-SRS hired 72 candidates into training, estimating that attrition would yield the correct staffing. These estimates were considerably off and 70 employees successfully completed training. The result is an unnecessary increase in staffing and associated operating budget. WSI-SRS should ensure that planning and analysis for future hiring initiatives are based on lessons learned from this experience.

In summary, your achievements during this period are numerous. I encourage you to increase your attention to those deficiencies identified above. Thank you for your continued excellent work in support of the missions at the Savannah River Site.

Sincerely,



Greg Rudy
Manager

NFB-00-0115